

**RENAISSANCE ZONE AUTHORITY
MEETING MINUTES
November 12, 2009**

The Bismarck Renaissance Zone Authority met on November 12, 2009 in the 2nd Floor Conference Room in the City-County Office Building at 221 North 5th Street. Authority members present were Dave Blackstead, Parrell Grossman, Chuck Huber, George Keiser, Carol Vondrachek and Curt Walth. Technical Advisor Bruce Whittey was present. Staff members present were Jason Tomanek, Kimberley Gaffrey, Kim Lee, Carl Hokenstad, Brenda Johnson and Ray Ziegler. Guests present were Mitchell Armstrong, Suzanne Schweigert, Scott Porsborg, Sheldon Smith and Randall Bakke (SRSSM Partnership), Robert Graham and Dawn Kopp (Downtowners).

CALL TO ORDER

Chair Blackstead called the meeting to order at 3:30 p.m.

MINUTES

The minutes of the October 14, 2009 meeting and the October 21, 2009 special meeting were distributed with the agenda packet

MOTION: A motion was made by Mr. Keiser and seconded by Ms. Vondrachek to approve the minutes of the October 14, 2009 meeting and the October 21, 2009 special meeting as received. The motion passed unanimously with members Blackstead, Grossman, Huber, Keiser, Vondrachek, and Walth voting in favor.

CORE INCENTIVE PROGRAM PROJECT APPLICATION

A. 122 East Broadway Avenue – SRSSM Partnership – CORE Facade

Mr. Tomanek gave an overview of the project for façade improvements at 122 East Broadway Avenue. The applicant is proposing to rehabilitate, modify and improve aesthetics of the facade. The project will include re-roofing the single-story portion of the building, re-sealing all windows and door joints, re-sealing all masonry control joints and tuck-pointing some minor brick damage. The project will also include replacing the exterior door on the west elevation of the second floor which provides access to the single-story roof. Modification will include relocation of the primary entrance to the south elevation of the single-story portion, closing up the original Broadway entrance with brick and masonry consistent with the brick on the building and adding three new windows on the west elevation at the second story. A major portion of the renovation will include removing the existing penthouse. Improved aesthetics for the building will include new colored awnings, lighting and a pergola.

Mr. Tomanek provided an overview of the requests and listed the following findings for the proposed CORE Incentive Program project:

1. The building is located within the Downtown Tax Increment Financing District.

2. The purpose of the Façade and Signage Incentive Grant Program is to promote and stimulate exterior maintenance of commercial buildings in order to enhance the overall appearance, quality and vitality of downtown.
3. The property is subject to the guidelines for the DC - Downtown Core district that state “all subsequent renovations, additions and related structures constructed after the construction of an original building shall be constructed of materials comparable to those used in the original construction and shall be designed in a manner conforming to the original architectural design and general appearance.” The exterior modification includes relocation of the primary entrance to the south elevation of the single-story portion, closing up the original Broadway entrance with brick and masonry consistent with the brick on the building and adding three new windows on the west elevation at the second story. The proposed exterior modification to the building is consistent with the intent of the ordinance through the use of brick and masonry material and has been approved through the Downtown Design Review process.
4. The rehabilitation project also includes the addition of an exterior entrance pergola that would be constructed of masonry columns, aluminum support structure and wood. The pergola would be located adjacent to the south-facing building exterior and primary entrance to the building. The Authority has not considered a request similar to this in the past. The pergola would be located on private property and designed to accent the exterior façade and the main entrance to the building. The pergola is also consistent with the intent of the DC - Downtown Core guidelines through the use of masonry materials that complement the existing masonry on the building.
5. The applicant received three estimates for the labor and materials. The estimates received were from the architect and two general contractors. The estimates for brick restoration range from \$8,000 to \$10,000. The new entrance, doors, windows and pergola range from \$24,500 to \$40,000.
6. Under the Façade and Signage Grant guidelines the maximum dollar amount is \$25,000 for façade improvement projects. Each project requires a 50% matching contribution by the applicant. The grant amount requested for this project is between \$16,250 and \$25,000.

Mr. Tomanek said based on the above findings staff recommends approval of the CORE Façade and Signage grant request to reimburse SRSSM Partnership for 50% of the final project costs up to \$25,000 for the work and materials associated with the façade rehabilitation project at 122 East Broadway Avenue.

B. 122 East Broadway Avenue – SRSSM Partnership – CORE Signage

Mr. Tomanek gave an overview of the project for new signage at 122 East Broadway Avenue. The applicant is proposing to add new colored awnings on the south and east elevations and replacing existing exterior signage to reflect the future tenants. There are two signs proposed; one sign would be mounted on the south elevation utilizing an existing cabinet on the building, the second sign would also be a replacement of a free-standing pylon sign on the east elevation. Based on previous projects and decisions by the Authority, the pylon sign will not be considered for reimbursement or as part of the overall project.

Mr. Tomanek provided an overview of the requests and listed the following findings for the proposed CORE Incentive Program project:

1. The building is located within the Downtown Tax Increment Financing District.
2. The purpose of the Façade and Signage Incentive Grant Program is to promote and stimulate exterior maintenance of commercial buildings in order to enhance the overall appearance, quality and vitality of downtown.
3. The property is subject to the Special Provisions for the Central Business District in the sign code because it is inside the boundaries of that area. The proposed sign meets the requirements of Chapter 4-04 of the City Code of Ordinance (Signs and Outdoor Display Structures) and has been approved through the Downtown Design Review process.
4. The applicant received two contractor estimates and one estimate from the project architect for the labor and materials associated with the proposed awnings. The prices for the awnings range between \$15,000 and \$30,000.
5. The applicant received two bids for the south-facing exterior sign replacement. The south-facing building exterior sign is an existing sign that would have the sign face replaced and the cabinet repainted. The low bid for the sign was received from Mann Signs Inc. in the amount of \$1,260.
6. Under the Façade and Signage Grant guidelines the maximum dollar amount is \$3,000 for signage and awning projects. Each project requires a 50% matching contribution by the applicant. The grant amount requested for this project is \$3,000.

Mr. Tomanek said based on the above findings staff recommends approval of the CORE Façade and Signage grant request to reimburse SRSSM Partnership \$3,000 toward the design, purchase, and installation of new awnings and signage at 122 East Broadway Avenue.

Mr. Keiser stated that the applicants purchased the building at a discount because of the condition the building is in and caulking is considered maintenance, so it should not be included as part of the project and will not support it.

Mr. Walth said the issue he has with this project is this application should have been included in the Renaissance Zone program instead of separate applications. Mr. Walth stated he is okay with the sign and awnings but not the rest of the request. Mr. Huber said he thought that separate projects could be done as long as it is new money. Mr. Tomanek said the Renaissance Zone project from this group was just for the inside of the building, and these are new requests for the exterior and it is new money and new investment. Mr. Tomanek commented the Blarney Stone had four separate applications, which is similar to this project. Mr. Walth said the difference with the Blarney Stone is there were different owners.

Mr. Armstrong said that the brick and mortar work was estimated at \$8,000 to \$10,000 and there is a significant amount of more changes that will be made to the exterior of the building that will be \$24,000 to \$40,000 that will not fit in the maintenance portion of the project.

Mr. Whittey added that the only other question is whether or not to include the pergola as part of the façade restoration.

Mr. Grossman commented that he is inclined to agree with Mr. Keiser regarding the caulking. He agrees it is considered maintenance and does not think it should be included.

Mr. Walth said that he would consider this project double dipping because the exterior improvements should have been included in the Renaissance Zone project.

Mr. Tomanek stated that in February of 2009 the Renaissance Zone Authority discussed the double dipping policy and agreed on the policy that is currently in place. Mr. Tomanek said the policy reads "It shall be the policy of the City of Bismarck to allow use of both the Renaissance Zone and CORE Incentive Grant programs if the applicant investment for each is counted only once. Accordingly, the required applicant investment for designation as a Renaissance Zone project cannot also be used to meet the required applicant investment for any CORE Incentive Grant program and the required applicant investment for any CORE Incentive Grant program cannot also be used to meet the required applicant investment for designation as a Renaissance Zone project".

MOTION: Based on the findings included in the staff report, a motion was made by Mr. Keiser and seconded by Mr. Huber to recommend approval of the request for a CORE Façade and Signage grant for façade which would reimburse SRSSM Partnership for 50% of the final project costs up to \$25,000 for the work and materials associated with the façade rehabilitation project at 122 East Broadway Avenue, excluding the mortar work and pergola and to recommend approval of the request for a CORE Façade and Signage for signage which would reimburse SRSSM Partnership \$3,000 toward the design, purchase, and installation of new awnings and signage at 122 East Broadway Avenue, with member Keiser voting in favor and members Blackstead, Grossman, Huber, Vondrachek and Walth voting against. The motion was denied 5 to 1.

MOTION: Based on the findings included in the staff report, a motion was made by Mr. Grossman and seconded by Ms. Vondrachek to recommend approval of the request for a CORE Façade and Signage grant for façade which would reimburse SRSSM Partnership for 50% of the final project costs up to \$20,000 for the work and materials associated with the pergola and façade rehabilitation project at 122 East Broadway Avenue, excluding the mortar work and to recommend approval of the request for a CORE Façade and Signage for signage which would reimburse SRSSM Partnership \$3,000 toward the design, purchase, and installation of new awnings and signage at 122 East Broadway Avenue, with members Grossman, Huber, Vondrachek, and Blackstead voting in favor and members Keiser and Walth voting against. The motion was approved 4 to 2.

RENAISSANCE ZONE PROJECT APPLICATION

A. 122 East Broadway Avenue – Sheldon A. Smith, P.C. – Lease

Mr. Tomanek gave an overview of the lease project by Sheldon A. Smith, P.C. for the building at 122 East Broadway Avenue. Mr. Tomanek said that upon completion of the renovation for the above-mentioned property by SRSSM Partnership, the applicant would be leasing office space for its legal practice with four other professional corporations. Each PC would occupy a designated space and would also have access to common workrooms and conference rooms. The building floor area is

10,692 square feet and the applicant's lease area would be 848 square feet, with an estimated income tax benefit of \$192,500 over five years.

Mr. Tomanek provided an overview of the requests and listed the following findings for the proposed Renaissance Zone Project:

1. The proposed use is consistent with the City's Renaissance Zone Development Plan.
2. The lease is for an expanding business moving within the Zone. The professional corporation is an attorney's office expanding within the Renaissance Zone. Additionally the business sees benefits in being located near the courthouse, meeting areas, lodging, and restaurants for business entertaining.
3. The building is being rehabilitated as a separate Renaissance Zone project by SRSSM Partnership.
4. The professional corporation's expected date of occupancy is April 1, 2010.

Mr. Tomanek said based on the above findings, staff recommends approval of the designation of the lease of space in the building at 122 East Broadway Avenue by Sheldon A. Smith, PC as a Renaissance Zone project, with an exemption from state tax on income derived from the business and investment location for five years beginning with the date of completion.

B. 122 East Broadway Avenue – Randall J. Bakke, P.C. – Lease

Mr. Tomanek gave an overview of the lease project by Randall J. Bakke, P.C. for the building at 122 East Broadway Avenue. Mr. Tomanek said that upon completion of the renovation for the above-mentioned property by SRSSM Partnership, the applicant would be leasing office space for its legal practice with four other professional corporations. Each PC would be occupy a designated space and would also have access to common workrooms and conference rooms. The building floor area is 10,692 square feet and the applicant's lease area would be 1,116 square feet, with an estimated income tax benefit of \$192,500 over five years.

Mr. Tomanek provided an overview of the requests and listed the following findings for the proposed Renaissance Zone Project:

1. The proposed use is consistent with the City's Renaissance Zone Development Plan.
2. The lease is for an expanding business moving within the Zone. The professional corporation is an attorney's office expanding within the Renaissance Zone. Additionally the business sees benefits in being located near the courthouse, meeting areas, lodging, and restaurants for business entertaining.
3. The building is being rehabilitated as a separate Renaissance Zone project by SRSSM Partnership.
4. The professional corporation's expected date of occupancy is April 1, 2010.

Mr. Tomanek said based on the above findings, staff recommends approval of the designation of the lease of space in the building at 122 East Broadway Avenue by Randall J. Bakke, PC as a Renaissance Zone project, with an exemption from state tax on income derived from the business and investment location for five years beginning with the date of completion.

C. 122 East Broadway Avenue – Scott K. Porsborg, P.C. – Lease

Mr. Tomanek gave an overview of the lease project by Scott K. Porsborg, P.C. for the building at 122 East Broadway Avenue. Mr. Tomanek said that upon completion of the renovation for the above-mentioned property by SRSSM Partnership, the applicant would be leasing office space for its legal practice with four other professional corporations. Each PC would occupy a designated space and would also have access to common workrooms and conference rooms. The building floor area is 10,692 square feet and the applicant's lease area would be 823 square feet, with an estimated income tax benefit of \$192,500 over five years.

Mr. Tomanek provided an overview of the requests and listed the following findings for the proposed Renaissance Zone Project:

1. The proposed use is consistent with the City's Renaissance Zone Development Plan.
2. The lease is for an expanding business moving within the Zone. The professional corporation is an attorney's office expanding within the Renaissance Zone. Additionally the business sees benefits in being located near the courthouse, meeting areas, lodging, and restaurants for business entertaining.
3. The building is being rehabilitated as a separate Renaissance Zone project by SRSSM Partnership.
4. The professional corporation's expected date of occupancy is April 1, 2010.

Mr. Tomanek said based on the above findings, staff recommends approval of the designation of the lease of space in the building at 122 East Broadway Avenue by Scott K. Porsborg, PC as a Renaissance Zone project, with an exemption from state tax on income derived from the business and investment location for five years beginning with the date of completion.

D. 122 East Broadway Avenue – Mitchell D. Armstrong, P.C. – Lease

Mr. Tomanek gave an overview of the lease project by Mitchell D. Armstrong, P.C. for the building at 122 East Broadway Avenue. Mr. Tomanek said that upon completion of the renovation for the above-mentioned property by SRSSM Partnership, the applicant would be leasing office space for its legal practice with four other professional corporations. Each PC would occupy a designated space and would also have access to common workrooms and conference rooms. The building floor area would be 10,692 square feet and the applicant's lease area is 418 square feet, with an estimated income tax benefit of \$192,500 over five years.

Mr. Tomanek provided an overview of the requests and listed the following findings for the proposed Renaissance Zone Project:

1. The proposed use is consistent with the City's Renaissance Zone Development Plan.

2. The lease is for an expanding business moving within the Zone. The professional corporation is an attorney's office expanding within the Renaissance Zone. Additionally the business sees benefits in being located near the courthouse, meeting areas, lodging, and restaurants for business entertaining.
3. The building is being rehabilitated as a separate Renaissance Zone project by SRSSM Partnership.
4. The professional corporation's expected date of occupancy is April 1, 2010.

Mr. Tomanek said based on the above findings, staff recommends approval of the designation of the lease of space in the building at 122 East Broadway Avenue by Mitchell D. Armstrong, PC as a Renaissance Zone project, with an exemption from state tax on income derived from the business and investment location for five years beginning with the date of completion.

E. 122 East Broadway Avenue – Suzanne M. Schweigert. – Lease

Mr. Tomanek gave an overview of the lease project by Susanne M. Schweigert, P.C. for the building at 122 East Broadway Avenue. Mr. Tomanek said that upon completion of the renovation for the above-mentioned property by SRSSM Partnership, the applicant would be leasing office space for its legal practice with four other professional corporations. Each PC would occupy a designated space and would also have access to common workrooms and conference rooms. The building floor area is 10,692 square feet and the applicant's lease area would be 800 square feet, with an estimated income tax benefit of \$192,500 over five years.

Mr. Tomanek provided an overview of the requests and listed the following findings for the proposed Renaissance Zone Project:

1. The proposed use is consistent with the City's Renaissance Zone Development Plan.
2. The lease is for an expanding business moving within the Zone. The professional corporation is an attorney's office expanding within the Renaissance Zone. Additionally the business sees benefits in being located near the courthouse, meeting areas, lodging, and restaurants for business entertaining.
3. The building is being rehabilitated as a separate Renaissance Zone project by SRSSM Partnership.
4. The professional corporation's expected date of occupancy is April 1, 2010.

Mr. Tomanek said based on the above findings, staff recommends approval of the designation of the lease of space in the building at 122 East Broadway Avenue by Suzanne M. Schweigert, PC as a Renaissance Zone project, with an exemption from state tax on income derived from the business and investment location for five years beginning with the date of completion.

Chairman Blackstead asked if voting on all five lease projects together was acceptable.

Robert Graham said he would like the Renaissance Zone Authority to look at each project individually because there are questions that arise to each project and the result of the Renaissance Zone project approval. Chairman Blackstead indicated there were five applications, however, they are all members of the SRSSM Partnership. Mr. Tomanek stated that the individual investment for each P.C. is not required because the building is being rehabilitated separately. Mr. Tomanek added that state guidelines do not require any other investment beyond the initial investment that is being done by the partnership to rehabilitate the building and each P.C. is only exempt from state income taxes and there are not property tax exemptions because each P.C. is not considered an owner, rather they are considered a tenant. Mr. Whittey asked if the local Renaissance Zone guidelines vary from states guidelines. Mr. Tomanek responded by saying that the local guidelines would require each P.C. to invest a minimum of \$10.00 per square foot for every square foot they lease if the building was not going to be rehabilitated through the Renaissance Zone Program. Mr. Whittey said there is no reason to vote on each P.C. separately because they each conform to the guidelines.

Mr. Graham asked if Mr. Smith, Mr. Bakke, Mr. Porsborg, Mr. Armstrong and Ms. Schweigert are the principle owners of SRSSM Partnership, did the partnership purchase the building from MDU and is SRSSM going to continue as a partnership. Mr. Armstrong answered by saying yes they are the principle owners of SRSSM Partnership, they did purchase the building from MDU and they will continue as a partnership.

Chairman Blackstead read a letter received from Mr. Graham that said "As a citizen of North Dakota and a property owner within Bismarck, North Dakota, I wish to recommend to the Bismarck Renaissance Zone Authority that the above captioned requests for grants, property income tax relief be denied. It appears that no useful purpose will be achieved by the granting of these requests other than the placing of an increased tax burden upon the other taxpayers of Bismarck and North Dakota." Chairman Blackstead said the last sentence does not apply because there will be no tax burden on the taxpayers of Bismarck and North Dakota because this is a state income tax exemption.

MOTION: Based on the findings included in the staff reports, a motion was made by a motion was made by Mr. Keiser and seconded by Mr. Grossman to recommend approval of the requests for designation of the lease space in the building at 122 East Broadway Avenue by Sheldon A. Smith, P.C., Randall J. Bakke, P.C., Scott K. Porsborg, P.C., Mitchell D. Armstrong, P.C. and Suzanne M. Schweigert, P.C. as Renaissance Zone Projects. The motion passed unanimously with members Blackstead, Grossman, Huber, Keiser, Vondrachek, and Walth voting in favor.

CORE INCENTIVE PROGRAMS

Mr. Keiser said that the double dipping policy needs to be reviewed and some kind of requirement added that if the same applicant is going to occupy the space after the rehabilitation, they can only occupy a certain percentage of the space, because the program was intended for investors to purchase a building, fix it up and then rent it to tenants to bring more businesses downtown.

Mr. Walth said the Civic Square building is a perfect example of how the programs should work. Mr. Galpin and Mr. Huber purchased the property and rehabilitated the building through the Renaissance Zone Program and when new tenants come in they complete the space and additional improvements are being made. Mr. Walth continued by saying he agrees there should be further restrictions for double dipping.

Ms. Lee said there is a state requirement for the Renaissance Zone that if it is a rehabilitation project, then all visible signs of blight must be eliminated from the exterior of the building.

Mr. Walth said that any exterior work that needs to be done should be included in the Renaissance Zone project instead of applicants coming back later to apply for a CORE Façade and Signage Grant for façade work.

It was the general consensus that the Renaissance Zone Authority that the “Use of Multiple Core Incentive Programs Statement of Policy” needs to be discussed. Staff will provide the Renaissance Zone Authority with copies of the current policies for review so they can be discussed in detail at the December 9, 2009 or the January 13, 2010 meeting.

OTHER BUSINESS

There was no other business.

ADJOURNMENT

There being no further business, Chair Blackstead adjourned the meeting of the Bismarck Renaissance Zone Authority at 4:50 p.m.

Respectfully Submitted,

Kimberley Gaffrey
Recording Secretary

APPROVED:

David Blackstead
Chair